



Item: 5.1

Extension of Contract 1954-2 - Building Surveying and Inspection Services

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| OFFICER | Rhassel Mhasho |
| GENERAL MANAGER | Heath Chasemore |
| DIVISION | Infrastructure and Operations |
| ATTACHMENTS | Nil |

This report is being considered in Closed Session under section 66 of the *Local Government Act 2020* because this matter deals with private commercial information, being information provided by a business, commercial or financial undertaking that - ... if released, would unreasonably expose the business, commercial or financial undertaking to disadvantage, as per section 3(1)(g)(ii).

1. PURPOSE

Council at the September 2020 Ordinary Council Meeting resolved to award Contract 1954-2-Building Surveying and Inspections Services to The Trustee for W.B.C.S. FAMILY TRUST for the period of two years, with an option of a one-year extension.

This report recommends that Council extend Contract 1954-2 – Building Surveying and Inspections Services to the Trustee for W.B.C.S. FAMILY TRUST for the period of one year and authorise the Chief Executive Officer to sign the contract extension documents.

2. EXECUTIVE SUMMARY

At the September 2020 Ordinary Council Meeting, Council resolved to award Contract 1954-2 – Building Surveying and Inspections Services to The Trustee for W.B.C.S. FAMILY TRUST for the period of two years, with an option of a one-year extension. The contract is due to expire in November 2022 and in accordance with clause 26.2 of the contract, *“the contract may be extended beyond the Expiry Date, as agreed by the parties in writing, for the period or periods specified in Item 1 of Schedule 1 and any such further term or terms will be on the same terms and conditions as this Agreement (excluding, in respect of the final further period, this clause 26.2).*

Council has a legislative requirement to perform some specified building functions, including those undertaken by the Municipal Building Surveyor. Attracting and retaining these specialist skills is challenging for all Councils, particularly for those in regional areas. Outsourcing of this function

through this contract has been found to be an effective way to meet its obligations. Extension of the contract provides Council with certainty for another year and avoids risks associated with alternatives such as, direct recruitment of staff or sourcing an alternative provider given the constrained timeframes.

This report recommends that Council extend Contract 1954-2 – Building Surveying and Inspections Services to the Trustee for W.B.C.S. FAMILY TRUST for the period of one year and authorise the Chief Executive Officer to sign the contract extension documentation

3. RECOMMENDATION

That Council:

- 1. Extend Contract 1954-2 – Building Surveying and Inspections Services to The Trustee for W.B.C.S. FAMILY TRUST for the period of one year, noting that this is the final year available under the contract.**
- 2. Authorises the Chief Executive Officer to sign the contract extension documentation.**
- 3. Deems that this resolution is no longer confidential following the execution of the contract extension.**

4. KEY INFORMATION

Council at the September 2020 Ordinary Council Meeting resolved to *award Contract 1954-2 – Building Surveying and Inspections Services to The Trustee for W.B.C.S. FAMILY TRUST for the period of two years, with an option of a one-year extension.* The contract is due to expire in November 2022 and in accordance with clause 26.2 of the contract, *“the contract may be extended beyond the Expiry Date, as agreed by the parties in writing, for the period or periods specified in Item 1 of Schedule 1 and any such further term or terms will be on the same terms and conditions as this Agreement (excluding, in respect of the final further period, this clause 26.2)”*.

The one-year extension option is exercisable by Council only. No authorisation was given to the Chief Executive Officer to extend the contract.

The Contract 1954-2 – Building Surveying and Inspections Services was awarded to the Trustee for W.B.C.S. FAMILY TRUST for Municipal Building Surveying and Inspection Services which includes compliance and enforcement activities in accordance with the *Building Act 1993* and related legislation. Below are the delivery arrangements as agreed in the current contract.

1st Year The first year 2.0 EFT to enable staff to complete outstanding building permit applications and fulfil obligations to undertake inspections of buildings under construction relating to permits previously issued by Council.

2nd and 3rd Year

For the second and third years of the contract, the resources will drop to 1.6 EFT, reflecting the lower staff hours required to maintain the balance of the Building department’s regulatory activities, without building permit related work.

Council Officers recommend that Council extend the contract by one final year. During this period officers will investigate how the service will be delivered beyond the term of this contract. No major

delivery issues were noted during the last two years. The contractor has managed to clear outstanding building permit applications and outstanding inspections of buildings under construction relating to permits previously issued by Council. This was a key performance indicator in the current contract. Also, Council has not received reports of any statutory issues against the building department in the past years.

It should be noted that Council's building service department has been contracted since 2013 after Council found it challenging to engage suitably qualified and experienced building employees through the normal job market. The market continues to be tight in the building industry, hence it remains appropriate to have the service contracted to the current provider.

5. CONSIDERATIONS

Overarching Governance Principles (s(9)(2) LGA 2020)

This report's recommendation focuses on achieving the best outcomes for the municipal community, including future generations.

Policies and Relevant Law (s(9)(2)(a) LGA 2020)

Council's Building Department has significant responsibilities relating to public safety under the *Building Act 1993*, as well as other related legislation including the *Emergency Management Act 2013*. These range from processing building permit applications, applications for Report and Consent, undertaking inspections, issuing Building Notices and Orders to achieve safety and compliance, processing swimming pool registrations and ensuring compliance of businesses with Essential Safety Measure requirements.

Environmental and Sustainability Implications (s(9)(2)(c) LGA 2020)

Not applicable.

Community Engagement (s56 LGA 2020 and Council's Community Engagement Policy)

Community consultation and engagement is not applicable in relation to the contract extension.

Public Transparency (s58 LGA 2020)

Council decisions on procurement of goods and services should be transparent

Alignment to Plans and Strategies

Theme 4 - Our Leadership & Management

1. Effectively manage financial resources,
3. Organisational Development & Legislative Compliance, and
4. Provide value for money services for our *community*

Financial Management (s101 Local Government Act 2020)

Funding for this contract is included in Council's 2022-23 budget as per the initial contract.

Service Performance (s106 Local Government Act 2020)

The building services should be accessible to the members of the municipal community for whom the services are intended.

Risk Assessment

The service provided is required to address legislative responsibility for Council to engage a Municipal Building Surveyor (MBS), to undertake specific Council functions under the *Building Act 1993* and Building regulations, and to maintain public safety.

Communication/Implementation

The contractor will be notified in writing of Council's decision.

Human Rights Charter

No impact.

Officer General or Material Interest

No officer declared an interest under the *Local Government Act 2020* in the preparation of this report.

Options

Option 1 – Extend Contract 1954-2 – Building Surveying and Inspections Services to The Trustee for W.B.C.S. FAMILY TRUST.

This option is recommended by officers as the recommendation is consistent with the September 2020 Ordinary Council Meeting resolution. As highlighted in the report, the market for building surveyors continues to be tight, therefore it remains appropriate to have the service contracted to the current provider.

Option 2 – Not extend Contract 1954-2 – Building Surveying and Inspections Services to The Trustee for W.B.C.S. FAMILY TRUST.

This option is not recommended by officers as there is not enough time between now and November when the current contract expires to readvertise the tender. Delays in extending the contract may compromise Council's ability to comply with its obligations under the Building Act and may impact the delivery of Building services to the community.